

# Exhibit 24

# **Corporate Compliance Quarterly Report to Board of Directors 2Q10**

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**July 22, 2010  
Bert Weinstein  
Vice President, Corporate Compliance**



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# Summary

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- Purdue's Corporate Integrity Agreement (CIA)
  - CIA year #3 successfully closes 7/30
  - OIG agrees on Freedom Of Information Act request
  - Ryzolt matter and OIG follow up
- Federal & State Update
- Compliance Environment Continues to Intensify
- Hotline Calls and Other Inquiries



# Corporate Integrity Agreement

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- Year #3 (of 5) closes 7/30, with 100% completion of all requirements, including “FCR days”
  - 1,811 FCR days *required*; 4,076 *completed*
  - Equally important, today’s FCRs and call notes are better and provide more visibility into sales force practices
  - DMs more frequently reporting FCR “compliance issues” (6% in 2009; 11% in 2010)- typically administrative shortcomings
- Freedom of Information Act request – OIG in near full agreement with Purdue’s redaction of information from CIA Annual Reports prior to disclosure to Public Citizen. Waiting further OIG word.



## CIA- Sales Promotion Monitoring – 2Q10

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Purdue's CIA requires Corporate Compliance to review Field Contact Reports (FCRs) with a compliance category rating of "1," indicating less than 100% compliance with Sales SOPs

- 637 FCRs were prepared during 2Q10
  - 73 FCRs had a Compliance Rating of "1" – 18 required Compliance investigation; 17 resulted in discipline
    - 13 representatives recorded call note(s) that: contained language which was unclear about indication or proper use of Ryzolt; did not clearly show they corrected a Health Care Provider's misconception about Ryzolt's Indication; or contained a concerning "Next Call Objective"
    - 1 new representative terminated for multiple violations, including, poor overall performance, failure to perform administrative tasks, and compliance-related activities
    - 3 representatives in possession of discontinued materials



## CIA Medical Services Monitoring – 2Q10

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Purdue's CIA requires review of certain HCP inquiries to Medical Services regarding sales representative referrals (reflects OIG's general concern for off-label or improper promotion)

- During 2Q10 there were a total of 4256 Inquiries received by Medical Services concerning *all products*
  - 1901 of these inquiries pertained to OxyContin and Ryzolt, the "Covered Products" during CIA year 3
  - 113 of the inquiries fell into the CIA specified categories
    - 38 of these inquiries were reviewed
    - No "Suspect Inquiries" were found



# Ryzolt

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- Investigation completed

- Reviewed full year of call notes since launch – 496 referenced the word “mild,” and 201 (51 reps) required full investigation including face to face and telephone interviews, records reviews, etc.
- Extensive remedial actions implemented, including bulletins to the field, live compliance training at June Regional meetings, three hour special meeting of all sales managers
- Discipline of representatives ranging from suspension without pay, 90 days probation, written warnings, and coaching

- July 1<sup>st</sup> letter to OIG describes the investigation, remedial actions and discipline; follow up discussion of questions with OIG Monitor Wednesday July 21



**Redacted****Redacted**

## Other CIA Highlights

IRO will be completing year #3 reviews this summer at Stamford:

- Updates to the Healthcare Grant Review SOP require additional review by our IRO (July 19)
- Transactions Reviews of Medical Services inquiries and FCRs (weeks of August 2 & 9)
- Following which, IRO report reviewed, Purdue files Annual Report with OIG late-September

### Material Review:

- Year #2 IRO report focused on systematic needs for improvement
- New Electronic Material Review System will be implemented August 2
- Will address IRO's concerns and remedial actions





## Federal & State Update

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Capture and reporting of expenditures on HCPs has become more burdensome as more states implement reporting laws

- Have been making do with part automated-part manual approach so far
- Automated “Whole\$um” system in the works, targeted for 1Q11, in time for Federal Sunshine Act and anticipated new state requirements

### July 1 State Filings

- State reports for DC, Maine, Massachusetts - no improper spending
- California annual declaration of compliance

Connecticut – new pharma compliance program law effective 1/1/11



## FDA Activism at Medical Meetings

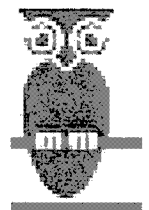
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- 5/27 heavily publicized DDMAC warning letter for Amgen trade show promotion of Vectibix
  - Amgen rep implied off-label use (colorectal cancer)
  - A comparison to other products was deemed to minimize the drug's risks (boxed warning about infusion reactions in patients)
- 5/25 Pink Sheet: unsealed whistleblower suit contains allegations about off-label marketing of Pfizer immunosuppressant Rapamune
  - Pfizer reps at trade shows were reportedly trained to check conference name tags of those approaching the booth, and not talk about off-label uses with FDA employees



## Individuals are in the Cross-Hairs

- Congress, regulators and prosecutors don't think CIAs and settlement payments are deterring bad acts, and are looking for solutions to repeat offenders
- Over the past year, the drumbeat for prosecution of individuals has grown very loud
  - Many speeches reference excluded Purdue executives
  - OIG recently excluded the chairman of a nursing home chain
  - Two Pfizer field managers prosecuted
  - Current CIA provisions put a company's board, executives, and managers on the hook with *personal, signed certifications*
  - FDA Commissioner Hamburg to Sen. Grassley: "planning" to increase misdemeanor prosecutions
  - FDA Office of Chief Counsel: "illegal conduct will not end until people start going to jail"
- OIG Chief Counsel calling for product divestitures or loss of exclusivity for repeat CIAs



# AstraZeneca

- April 27<sup>th</sup> CIA - \$520 million – for off label promotion of Seroquel (anti-psychotic)
- 2001-06 – AZ targeted HCPs who do not typically treat indicated disease, influenced content of CME programs, ghost-written journal articles, off-label speaker programs, large fees to thought leaders
- In *addition* to other burdensome requirements, CIA contains new monitoring and reporting:
  - Reviews of rep records
  - samples restricted
  - Centralized monitoring, controls, and requirements for Consultant arrangements, Research-related activities, Speakers, Publication activities, Med Ed / Grant Activities, Letters to all HCPs called on, Reporting of HCP payments



# J&J (Ortho-McNeil/Janssen)

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- April 29<sup>th</sup> CIA - \$81 million – for off label promotion of Topamax (epilepsy)
- 1998-2003 – featuring “Doctor for a Day” program, paying clinicians (\$500K to “Dr. O”) to spend days in the field with reps promoting off-label; bogus clinical studies; targeting doctors out of specialty, lavish dinners, outings, gifts, and payments
- CIA includes extensive field and centralized monitoring and reporting similar to AZ



# Hotline Calls and Other Inquiries 2Q10



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## Hotline and Other Inquiries 2Q10

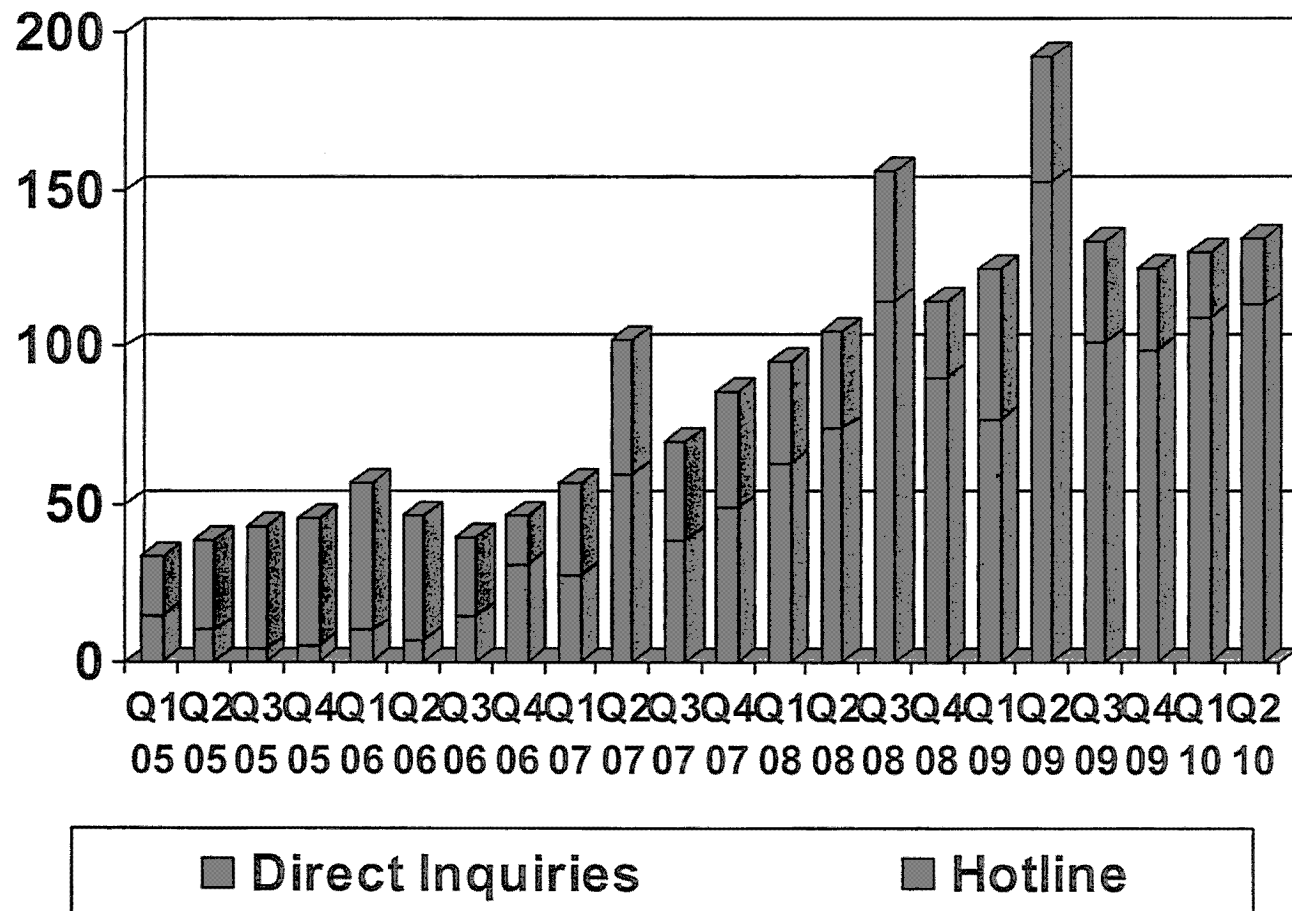
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Compliance had 134 “matters” in 2Q10, including:

- 95 Sales and Marketing matters relating to promotion, marketing materials, gifts, meals, CIA compliance, and grants (45 requests from sales representatives seeking review of Institutional Policies)
- There are a small number of open sales investigations into representative call notes concerning potential improper promotion – comparative claims, discussion of Ryzolt as step-down therapy, superiority claims – that do not appear to rise to the level of CIA Reportable Events

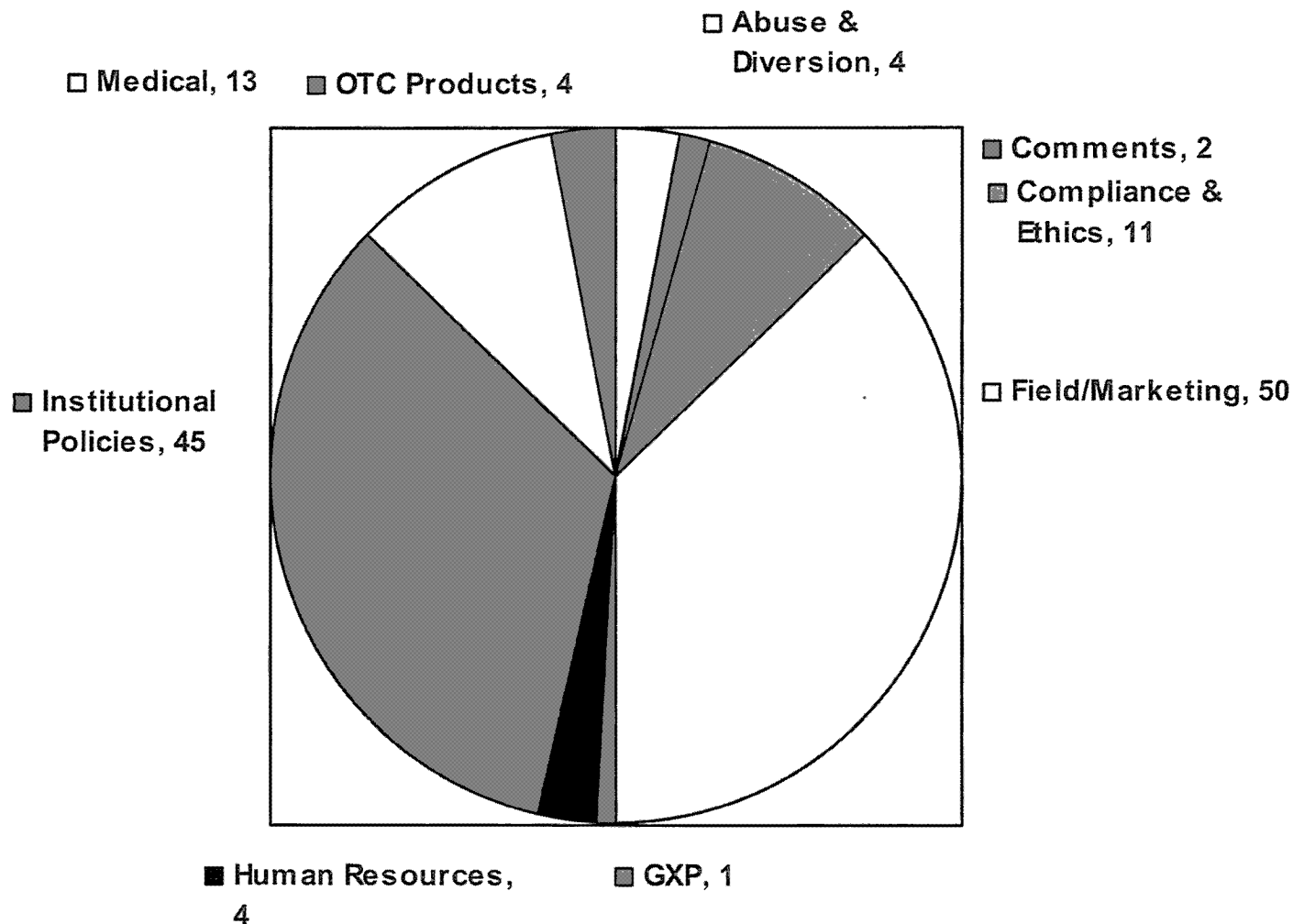


# Inquiries by Quarter (1Q05 – 2Q10)





## 2Q10 Compliance Inquiries



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# Inquiry Response Time

Days to Close Inquiries 2Q10 (as of 7/6/10)

